

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WEST OLDHAM UTILITIES,)	
INC., FOR A RATE ADJUSTMENT PURSUANT TO)	CASE NO.
THE ALTERNATIVE RATE FILING PROCEDURE FOR)	89-136
SMALL UTILITIES)	

O R D E R

On May 19, 1989, West Oldham Utilities, Inc. ("West Oldham") filed an application with the Commission seeking to increase its rates for water service pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates were designed to generate approximately \$15,023 annually in additional revenues, an increase of 10.4 percent over normalized test-year operating revenues from water sales of \$143,950.

On June 15, 1989, West Oldham was notified by the Commission that, pursuant to 807 KAR 5:076, Section 3(3), West Oldham's application did not meet the minimum filing requirements set by the Commission. West Oldham cured this deficiency and met minimum filing requirements on September 18, 1989.

In June of 1989, Commission Staff conducted a field review of West Oldham's test-period financial records. Based upon this review, Commission Staff issued its report on September 15, 1989, recommending that West Oldham reduce its operating revenues from rates by \$23,935 on an annual basis.

On September 22, 1989, West Oldham filed a response to the Staff Report, objecting to its recommendations. As a result of that response, informal conferences were held at the Commission on September 22, 1989 and December 13, 1989. Based on additional information filed pursuant to these conferences, Staff issued Amended Staff Reports on November 8, 1989 and January 18, 1990.

On February 5, 1990, West Oldham filed a motion requesting the Commission to adopt the findings of the Staff Report as amended on November 8, 1989 and on January 18, 1990, and to issue an Order authorizing the rates recommended in the Amended Staff Report of January 18, 1990. In its motion, West Oldham waived its right to a public hearing in this matter.

On February 8, 1990, West Oldham filed a request with the Commission that rate case expenses of \$11,853 be considered in this proceeding. After review of the invoices filed as documentation of the expense, the Commission has revised West Oldham's operating expenses to include annual rate case expense of \$3,951.¹ This results in a total revenue requirement of \$165,076 and a required increase in revenues of \$13,068 as set forth in Appendix B, attached hereto and incorporated herein.

¹ Total Rate Case Expense	\$11,853
Amortized Over 3 Years	+ 3
Annual Rate Case Expense	<u>\$ 3,951</u>

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report of September 15, 1989 as amended on November 8, 1989 and January 18, 1990 are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rate case expenses submitted by West Oldham are reasonable. Accordingly, the rates recommended in the Amended Staff Report of January 18, 1990 should be adjusted as shown in Appendix B to this Order.

3. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for service provided by West Oldham and will produce annual revenues from water sales of \$154,247. These rates will allow West Oldham sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

4. The rates proposed by West Oldham would produce revenue increases which are unreasonable and thus inconsistent with KRS 278.030.

IT IS THEREFORE ORDERED that:

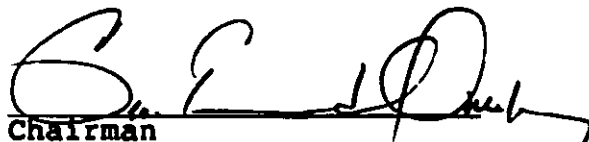
1. The rates proposed by West Oldham in its application are hereby denied.

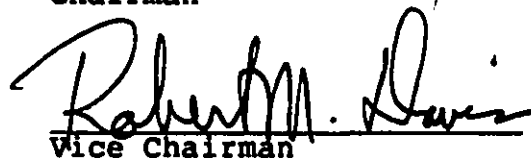
2. The rates contained in Appendix A are approved for service rendered by West Oldham on and after the date of this Order.

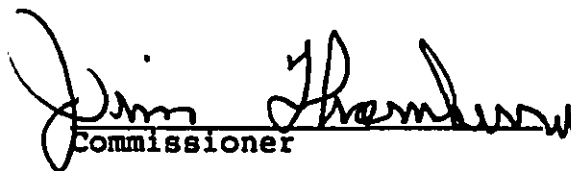
3. Within 30 days of the date of this Order, West Oldham shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 16th day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-136 DATED February 16, 1990.

The following rates are prescribed for the customers served by West Oldham Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Bi-Monthly Water Rates

5/8 x 3/4 Inch Meters

First 2,000 gallons	\$9.60 Minimum Bill
Over 2,000 gallons	2.20 per 1,000 gallons

1 Inch Meters

First 10,000 gallons	\$27.20 Minimum Bill
Over 10,000 gallons	2.20 per 1,000 gallons

1 1/2 Inch Meters

First 20,000 gallons	\$49.20 Minimum Bill
Over 20,000 gallons	2.20 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-136 DATED February 16, 1990.

I. Adjusted Statement of Operations

	Test Year Adjusted Per Amended Staff Report	Recommended Adjustments	Test-Year Adjusted (Final)
Operating Revenues			
Metered Sales	<u>\$143,950</u>	<u>\$ <2,771></u>	<u>\$141,179</u>
Operating Expenses			
Purchased Water	\$ 81,374		\$ 81,374
Maintenance Expense	3,506		3,506
Meter Reading	1,896		1,896
Customer Records and Collections	2,828		2,828
Administrative and General	34,281	6,096	40,377
Depreciation	6,774		6,774
Taxes Other Than Income Taxes	3,342		3,342
Rate Case Expense	<u>0</u>	<u>3,951</u>	<u>3,951</u>
Total Operating Expenses	<u>\$134,001</u>	<u>\$ 10,047</u>	<u>\$144,048</u>
Operating Income	\$ 9,949	\$<12,818>	\$ <2,869>
Other Income			
Interest and Dividend	\$ 3,453		\$ 3,453
Misc. Non-Operating	<u>7,376</u>		<u>7,376</u>
Income Available for Debt Service	<u>\$ 20,778</u>	<u>\$<12,818></u>	<u>\$ 7,960</u>

II. Calculation of Revenue Requirement and Recommended Increase

Annual Debt Service	\$ 17,523
20 Percent DSC	3,505
Operating Expenses	<u>144,048</u>
Revenue Requirement	<u>\$165,076</u>
Less: Normalized Revenue	\$141,179
Other Income	<u>10,829</u>
Recommended Increase	<u>\$ 13,068</u>